

FredMeyer**3.14 Retirement Gifts****11/04****Statement**

In order to recognize and congratulate our long term employees for their years of dedicated service, Fred Meyer will provide retirement gifts for those who meet eligibility requirements. Refer to the "Eligibility" section below for the definition of employees that qualify for a retirement gift.

Scope

This policy applies to all Fred Meyer Stores employees.

Effective Date

This policy is effective immediately and supersedes any previous policies.

Policy Owner

Route all policy questions and suggested updates to the Group VP, Human Resources.

Violation of this Policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

Eligibility

To be eligible for retirement gifts, the employee must fulfill one of the following:

- Have a minimum of 10 consecutive years of service with Fred Meyer immediately preceding their retirement and are at least 60 years of age
- Have a combined age and consecutive years of service with Fred Meyer preceding retirement total at least 70

FredMeyer**Gift Guidelines**

The following guidelines should be used to determine the gift an eligible retiring employee is to receive:

# of Years Employed	Gift
10-20	<ul style="list-style-type: none"> • Card signed by business unit president • Sheet cake
21-25	<ul style="list-style-type: none"> • Card signed by business unit president • Sheet cake • Retirement gift up to \$60 cost
26+	<ul style="list-style-type: none"> • Card signed by business unit president • Sheet cake • Retirement gift up to \$120 cost

Purchasing Gifts

Most gifts are purchased from Fred Meyer Jewelers at cost +10%. Occasionally, gifts are purchased from the HOM department (for example, a fishing rod) at cost.

Requests for retirement gifts should be coordinated with the Employee Service Awards department.

1. At the time of pick-up, the purchaser must pay for the order, either:
 - With cash, a personal check or personal credit card, then apply for reimbursement by sending receipts to Retirement 04002/35H. A check will be requested and sent back to the purchaser;

or

 - With their Corporate Travel Card, charging to the correct account when the statement comes in.

Note: These payments can be done at any register ONLY if the purchaser is taking the order with them.

2. If the order is to be picked up at a later date, the order must be processed at the Customer Service Desk. Customer Service Desk Clerk will write the pickup date and their initials on the receipt prior to giving it to the purchaser.

- Refer to Store Director Memo # 50 dated August 4, 2003.



Retirement Party

The retirement party, including the cake, should be planned by the retiring employee's department.

Tendering Jewelry Retirement Gift Transactions

Note: This transaction MUST be tendered by the Jewelry Manager.

From the Sales screen:

1. Type the SKU, then press <Enter>
2. Calculate cost +10%; input calculated amount; press <Enter>
3. Type the EDP code and press <Enter> if prompted
4. Process the tender as CASH

Cash Drawer Error Correction:

To offset the cash drawer shortage, you must submit a Cash Drawer Error Correction e-form via FMinfo. Within the text of the form, you must provide the following information:

1. Name of person authorizing the sale (Human Resources representative)
2. Name of person retiring
3. Transaction number(s) of the sale(s)
4. Charge code (provided by Human Resources representative)

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4.1 Business Ethics

(04/01)

Statement

This policy is identical to *The Kroger Co. Policy on Business Ethics*.

Scope

This policy applies to all Fred Meyer Stores employees and others acting on behalf of the Company.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the President, Fred Meyer Stores.

Violation of this policy

Associates who violate this policy will be subject to disciplinary action up to and including termination.

General integrity

Fred Meyer has established a strong reputation for integrity in our business. To maintain and enhance that reputation, it is important for each of us to adhere to the highest moral, ethical, and legal standards. Only by conducting business in this manner, can the Company progress and ensure the respect of employees, shareowners, customers, suppliers, and government.

Compliance with the law

Compliance with laws and regulations applicable to the Company is essential. Associates are encouraged to contact the Company's Law Department if they have any questions regarding appropriate conduct and compliance with the law.

FredMeyer**Bribery**

Bribery in any form is forbidden in the conduct of the business of the Company. No Company funds are to be used, directly or indirectly, for any bribe, kickback or other unlawful payment. No outside consultant, attorney, accountant or agent of any other nature shall be used or employed in any manner which would be contrary to this policy. Fees, commissions and expenses paid to agents should be based upon reasonable standards for the services rendered. Such payment must be made only for activities that qualify for income tax deductibility.

Accounting practices

Fred Meyer will follow accepted accounting rules and controls. The books of account, budgets, projects evaluation, expense accounts and other similar papers must accurately reflect these rules and controls. All assets of the Company must be accounted for carefully and properly. No payment of Company funds shall be approved or made with the understanding that any part of the funds will be used in a manner contrary to this policy.

The Company's independent certified public accountants will be given access to all information necessary for them to conduct audits properly.

Conflicts of interest

The term "conflict of interest" describes any circumstance that could cast doubt upon an associate's ability to act with total objectivity regarding the Company's interests. Associates should avoid situations in which there is, or may seem to be, a conflict between the personal interests of the associate and the interests of the Company.

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While it is impossible to anticipate every potential conflict, here are a few examples:

- ◆ ownership in concerns with which the Company competes or with which it does business (other than modest investments in stocks listed on a recognized securities exchange or on NASDAQ);
- ◆ buying, leasing or selling property from or to the Company or near locations known to be of interest to the Company;
- ◆ accepting payments, services or loans from, or rendering consulting services to, persons or concerns dealing or contemplating dealing with the Company or in competition with the Company;
- ◆ similar activities or interests by members of your immediate family;
- ◆ the active commitment of time devoted to the management of any other business enterprise which would take time away from the associate's normal work schedule.

Associates should not accept, directly or indirectly, any entertainment, gifts or services from any supplier or potential supplier that would appear to influence an associate's judgment. Such circumstances should be viewed as they would if all of the details were to be made completely public. Cash and cash equivalents should never be accepted.

Special events

From time to time invitations are offered to attend special events that usually involve similar offers to large numbers of people from the retail food business. In other instances, a supplier may sponsor an outing or meeting. Associates who accept such invitations, or feel that it would be in the best interests of the Company to do so, should discuss the matter with their immediate supervisor. If the invitations involve air travel or overnight stays, the associate should obtain the advance approval of the operating unit President or responsible corporate officer. Consideration should be given to whether such attendance, being approved, should be viewed as personal or whether it would advance the interests of the Company. In the latter case, reimbursement of expenses would be appropriate. Samples and advertising or promotional materials that are reasonable to the time and circumstances are permitted.

FredMeyer**Premiums and gifts**

Associates may not benefit personally from any purchase of goods or services for the Company or derive any personal gain from transactions made on behalf of the Company. Premiums awarded by suppliers shall be considered the property of the Company. Any premium received by an associate should be turned over to the Company. These premiums may then be handled in accordance with accepted Company practice. Associates who win contests or drawings sponsored by a supplier must notify their supervisors, who shall determine if the result appears improperly to influence associates in favor of the sponsor. If it does not, the associate may keep the prize. Otherwise, it must be delivered to the Company.

Yearly statement

Each year, associates are asked to submit statements covering any entertainment, gifts or services that they have accepted. All items that have been accepted should be reported at that time, whether previously discussed with a supervisor or not. This report helps to ensure the Company complies with applicable policies and laws. It also allows the company to provide any necessary guidance. Violation of this policy may result in disciplinary action.

Associates who may have a conflict of interest with a company supplier or consultant should contact their supervisors. If there is any doubt, the supervisor should contact the General Counsel for assistance. If the situation is found to present a conflict, it should be resolved promptly. If it cannot be resolved, the associate may be subject to termination.

Associates who become aware of facts which lead them to believe that other colleagues may be involved in inappropriate conduct should immediately make those facts known to their supervisor or other responsible officials of the Company. Associates also may contact any corporate officer, up to and including the President or Chairman of the Board, to report such concerns.

Outside directorship

Kroger executives and managers are sometimes invited to serve on the Boards of Directors of for-profit corporations that are not a part of the Kroger organization. These memberships may provide benefits to the Company under certain circumstances. For example, Board membership may broaden an individual's business perspective, provide education on significant issues in the current business environment, or deepen an individual's understanding of financial or other business disciplines.

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However, Board membership may also create the potential for conflicts of interest and, under certain circumstances, increase the financial or legal exposure of The Kroger Co. Therefore, no Kroger executive or manager may accept appointment or reappointment to a for-profit Board prior to receiving written approval from the Chief Operating Officer and the Chief Executive Officer of The Kroger Co.

Confidential information

As a publicly owned company, Kroger is governed by strict securities laws regarding the dissemination of information about the Company to the public. The Company's ability to compete, moreover, depends upon protection of its confidential information and trade secrets. In business and personal conversations, associates should limit comments about the Company to information which has been publicly released by the Company. Non-public information about the Company should be treated as confidential. No information about sales, earnings, competitive activities, systems, technology, proposed company developments or activities or products should be disclosed, and associates must adhere to practices designed to safeguard that information.

Trade secrets

Associates should not, under any circumstances, disclose trade secrets to Kroger's competitors or others, even after leaving employment with Kroger. Trade secrets may include software, systems and other applications of technology used by the Company, as well as business methods and cost information. The Uniform Trade Secrets Act and other laws adopted by most states impose substantial liability on employees who divulge trade secrets to a new employer or to third parties.

Corporate hospitality

Hospitality toward public officials and those with whom the Company does business is both proper and appropriate, as long as it does not exceed common courtesy and is not of such magnitude as to suggest the compromise of the parties with whom we are dealing. No gift or entertainment shall be tendered which would exceed reasonable standards. *All such acts should be undertaken with the expectation that they will become publicly known.*

FredMeyer**Competition**

The concept of free and open competition underlies many of our federal and state laws. Kroger's best interests are served by compliance with such laws. Associates must not enter into discussions or arrangements with competitors or suppliers which would violate these laws in any way. For example, pricing of products must never be discussed with competitors either directly or through third parties. Violation of this policy may subject the associate to dismissal.

Supplier relations

Much of our reputation for integrity and fair play comes from the manner in which we deal with our suppliers. We make every effort to deal fairly and impartially with all suppliers of goods and services, showing them the same courtesy and consideration we would expect them to show us.

Our choice of a supplier will be made on the basis of price, quality and services offered. Our associates must not profit personally from company business with suppliers.

Political contributions and involvement

The Company encourages all associates to vote and to participate fully in the political process. Such participation shall be entirely personal. The Company has established a political action committee (PAC) which operates in accordance with the rules of the Federal Election Commission and the rules of the appropriate state authority. Participation is entirely voluntary and coercion to contribute is prohibited.

In those states where the law permits, contributions to candidates or ballot issues may be made by the Company in moderation, but only with the approval of senior management and in strict compliance with public reporting regulations.

Customer relations

Our Company will succeed only if we serve customers well. All Customers deserve friendly, courteous treatment without bias or discrimination. Our Customers have the right to adequate information concerning the prices of the items they purchase and the assurance that their purchase, combining price and quality, represents a fair value.

Customers deserve prompt, helpful and courteous responses to questions and requests for assistance. Customers deserve clear and accurate advertising which provides useful information to assist in the purchase decision.

FredMeyer**Shareowner relations**

The Kroger Co. is owned by shareowners who have invested in the Company by purchasing stock. Our ultimate accountability is to them. We have an obligation to keep shareowners informed concerning matters that affect their Company and its progress. The shareowners deserve corporate governance that represents their best interests. A Board of Directors composed primarily of outside directors, who by their experience, knowledge and skill can advise and counsel management as well as represent the shareowner's interest, is an integral part of our corporate structure.

Employee relations

We are committed to a policy of equal opportunity for all associates without regard to race, religion, sex, origin or age. It is our goal to provide jobs that are satisfying and challenging to each individual. The safety and health of our associates is paramount, and working conditions will reflect this. We will provide for growth and development through appraisal, counseling, training programs and on-the-job experience. We are committed to dealing fairly and equitably with each associate.

We will negotiate in good faith with the unions through their elected or appointed representatives.

We expect our associates to work diligently and to deal honestly with Customers and suppliers.

Each associate has an obligation to deal with other associates in a human, humane and professional manner without regard to race, religion, gender, national origin, or age.

Detection of improprieties

All associates are encouraged to report concerns about inappropriate use of Company assets, violations of the law, or other improprieties. Each operating unit has established and will maintain procedures designed to facilitate such reporting to a designated department or individual. The procedures will be communicated clearly to all associates in the operating unit and will include a statement that associates may contact the Vice President of Corporate Auditing as an alternative means of reporting any concerns.

FredMeyer**Follow-through**

The Kroger Co. Policy on Business Ethics must be understood and implemented in everyday business practice throughout our Company. Managers are encouraged to maintain an "open door" policy for any associate who may have a question about ethics. At the same time, we expect all our associates to be open and completely candid with management about questions of complying with this Policy. Associates are reminded that the time to bring up a question of ethical behavior is before the fact, rather than after the fact. Never hesitate to talk to a supervisor about a question of business conduct, no matter how small or insignificant it may seem to be.

There are other ways we will make attention to this Policy an integral part of managing our business. These steps include:

- ◆ At least once a year, managers will review the *Policy on Business Ethics* booklet with their subordinates to ensure that the Policy is fully understood.
- ◆ Managers will investigate any suspicion that unethical or illegal activities are taking place and call upon the General Counsel for assistance.
- ◆ All corporate officers, presidents, vice-presidents, department heads and others who are responsible for purchasing goods or supplies will sign a statement every year affirming a knowledge and understanding of Kroger's *Policy on Business Ethics* and will respond to related questions contained in the statement.

The Vice President of Corporate Auditing of the Company and the Company's independent certified public accountants will immediately report any violations or suspected violations of this *Policy on Business Ethics* which come to their attention as a result of conducting audits of the Company. With your support, we can ensure that violations of this policy are called to the attention of the appropriate Kroger officials. Concealment of violations is in itself a violation of this policy.

If we are to hold ourselves to these high standards, each of us must understand that the Company's best interests are our own best interests and that we are expected to exercise good judgment as well as moral courage in matters of investigation and reporting covered in this document.

Like our *Policy on Business Ethics* itself, the system we have devised to assure compliance will be subject to change and revision as we gain experience with it. The Company has no intention of overcomplicating our business lives with unnecessary procedures. Yet at the same time, all associates are expected to adhere to these policies.

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Questions

Employees finding themselves in situations where they are uncertain of the intent of this code, or how it applies to a specific situation, should ask one of the following—

- ♦ their supervisor,
- ♦ the Vice President of Employee Relations,
- ♦ the Group Vice President of Human Resources, or
- ♦ the President for clarification.